



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

August 15, 2013

MEMORANDUM

To: Representative Bies

From: Peter R. Grant, Managing Attorney, (608) 267-3362

Mark D. Knukel, Sr. Legislative Attorney, (608) 266-0131

Subject: Technical Memorandum to **2013 AB-177** (LRB-1424/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

July 17, 2013

TO: Peter Grant
Mark Kunkel
Legislative Reference Bureau

FROM: John Koskinen
Bob Schmidt
Department of Revenue

SUBJECT: Technical Memorandum on AB 177 – relating to transferring technical college district assets, liabilities, and employees to the technical college system board; limiting the authority of technical college district boards and prohibiting them from levying property taxes; increasing the rate of the state sales tax and use tax, and requiring a referendum.

The Department of Revenue has the following concerns with the bill:

- The referendum would increase the state sales and use tax by "one cent." Current law refers to the sales tax as a "rate of 5%" or "a rate of 5 percent." In order to provide clarity and uniformity, the department suggests the bill be modified to refer to the sales tax rate change as an increase from 5 percent to 6 percent.
- The sales/use tax rate increase included in the referendum question would be effective July 1, 2015. A rate change effective in the middle of the calendar year would require approximately 60,000 businesses that file sales tax returns on an annual basis to prepare and file separate returns for the periods before and after the rate change. The department suggests the effective date of the sales tax increase occur the first day of the calendar year.

If you have questions regarding this technical memorandum, please contact Bob Schmidt at (608) 267-9892 or robertk1.schmidt@revenue.wi.gov.

Cc: Representative Bies